

31A-17-609 Alternate adjusted capital.

- (1) Except as provided in Section 31A-17-602, an insurer or health organization licensed under Chapter 5, Domestic Stock and Mutual Insurance Corporations, Chapter 7, Nonprofit Health Service Insurance Corporations, Chapter 8, Health Maintenance Organizations and Limited Health Plans, Chapter 9, Insurance Fraternal, and Chapter 14, Foreign Insurers, shall maintain total adjusted capital as defined in Section 31A-1-301 in an amount equal to the greater of:
 - (a) 175% of the minimum required capital, or of the minimum permanent surplus in the case of nonassessable mutuals, required by Section 31A-5-211, 31A-7-201, 31A-8-209, 31A-9-209, or 31A-14-205; or
 - (b) the net total of:
 - (i) 10% of net insurance premiums earned during the year; plus
 - (ii) 5% of the admitted value of common stocks and real estate; plus
 - (iii) 2% of the admitted value of all other invested assets, exclusive of cash deposits, short-term investments, policy loans, and premium notes; less
 - (iv) the amount of any asset valuation reserve being maintained by the insurer or health organization, but not to exceed the sum of Subsections (1)(b)(ii) and (iii).
- (2) As used in Subsection (1)(b), "premiums earned" means premiums and other consideration earned for insurance in the 12-month period ending on the date the calculation is made.
- (3) The commissioner may consider an insurer or health organization to be financially hazardous under Subsection 31A-27a-207(1)(i), if the insurer or health organization does not have qualified assets in an aggregate value exceeding the sum of the insurer's or health organization's liabilities and the total adjusted capital required by Subsection (1).
- (4) The commissioner shall consider an insurer or health organization to be financially hazardous under Subsection 31A-27a-207(1)(i) if the insurer or health organization does not have qualified assets in an aggregate value exceeding the sum of the insurer's or health organization's liabilities and 70% of the total adjusted capital required by Subsection (1).

Amended by Chapter 309, 2007 General Session